

Tierra Verde Incorporation Feasibility Study



Monday, December 12, 2005



Goals of Incorporation

- "Home Rule" which would allow area residents to control the future land use and other matters within the community
- Preservation of the community environment and quality of life
- Take a long-range look at what future impacts and outside forces will have on the community
- Take a proactive look at possible scenarios that will put off future attempts by neighboring cities to annex part or the entire community
- To build a community centered land use plan to maintain the environment and other needs of the residents, under the sole control of Tierra Verde



Incorporation Requirements

- A review of the existing services presently being provided on Tierra Verde.
- Development of proposed incorporation revenue timeline.
- Development of revenue analysis for proposed incorporated area.
- Development of expenditure analysis for proposed incorporated area.
- A pro forma presentation of revenue vs. expenditures, forecasted for a period of five years.



SWOT ANALYSIS

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Strengths

- Tierra Verde is an established community with almost all the necessary infrastructure in place.
- Tierra Verde has an ad valorem tax base that has shown good growth in the recent past far exceeding the annual 7% projection used in this study.
- Community leaders are knowledgeable and experienced in providing existing public services.
- The community has demonstrated the ability to work together to accomplish a common goal.
- The citizens are generally happy with the current land uses and quality of life within the community.
- The community has the ability to incorporate the existing land use conditions of the County into the zoning regulations of a new city.



Strengths

- There is existing support for a business-like look at incorporation by local residents as a possible guard against future annexation attempts by neighboring cities.
- As proposed, the new municipality would not need a large number of employees to provide a high quality of life and good levels of service.
- There is a great sense of hometown close-knit community among the residents.
- The community is located near I 275 just south of St. Petersburg with access to the airport.
- Tierra Verde is the prestigious residential community for South Pinellas County and St. Petersburg.
- Existing road system is in place with necessary right of way to support internal trips.



Strengths

- The growth is driving a change in demographics dropping the average age and increasing the disposable income.
- In an effort to "control future land use" from within the community the proposal contemplates the Tierra Verde City Council setting a land use policy and controlling zoning while using Pinellas County's administrative staff, through an interlocal agreement to carry out the day to day issues of local land control.
- There are large areas of government lands available for public purposes (Fort Desoto Park Area).



Weaknesses

- Tierra Verde never has been through the State of Florida Comprehensive planning process required of cities. While it is anticipated by this study that the County Planning staff will prepare the new city's comprehensive plan, this still will be a new exercise for the town.
- The City of Tierra Verde will have to establish a working relationship with State and Federal agencies.
- Because of plans to provide many key services (code enforcement, planning and zoning), through inter-governmental agreements, quality control becomes a key issue.
- There is an under-funded liability in the area of disaster funds for coastal communities throughout Florida. These are the local government funds necessary to meet the immediate needs of the community, before State and Federal help can be mobilized. This is very important issue for a barrier island community



Weaknesses

- There is a lack of commercial and industrial zoned land available to meet the present needs of the people for retail, service and industry.
- There is a lack of jobs available in the community.
- Weekend day trippers cause a traffic problem on weekends.
- The draw bridge causes hold ups in rush hour traffic.
- Lack of communication between Tierra Verde Community Association Board and members.



Opportunities

- Local governmental agencies (Pinellas County governmental staff) may be willing to negotiate for the provision of services. This would allow Tierra Verde to determine the levels of service desired for the community rather than rely on outside boards or elected officials.
- Incorporation would give Tierra Verde "home rule" powers, as defined in the Florida Constitution, to protect the environment, other interests of the community and define how the community will evolve in the future.
- The city could negotiate with Pinellas County for control of county impact fees collected within the incorporated area.
- A local government located within the community could react to citizens' concerns much sooner than the existing situation.
- The establishment of a city government would lessen the influences of non-residents and outside special interest groups.



Opportunities

- As a city government Tierra Verde would have more clout with county government.
- Taking control of the redevelopment opportunities to enhance the quality of life by increasing business, choice of housing products, and lifestyles.
- The value of the property is growing with no non-performing vacant property.
- Enhance the ball fields and recreation area with tennis courts and a community center.



Threats

- Members of the local delegation to the Florida House of Representatives and Florida Senate position on incorporation are not presently known.
- Annexation of the community by neighboring cities.
- The redevelopment of the existing commercial area into higher density use causing stress on existing infrastructure
- The availability of a government body within the community would give easy access to local special interest groups and possibly increase their influence on the process of governing.



Threats

- Will there be enough qualified residents willing to serve as local government officials, and will they possess the leadership skills to run the city?
- The additional cost to the business community in having to deal with another local government.
- Problems of remaining a bedroom community to the rest of the county. (Traffic, lack of services, increasing taxes)
- The loss of dollars that are presently in the Pinellas County Capital Improvement Program for improvements



Tierra Verde Existing Area and Services

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A Review of the Existing Areas & Services

- The Tierra Verde area that is being proposed for incorporation is 1.4707 square miles or 941.2 acres. According to Pinellas County land use classifications the area is made up of mostly residential uses. The areas identified with Commercial and Industrial land use are very limited. As of November 25, 2005 there was an undetermined number of pending land use or zoning cases in the proposed area of incorporation.



A Review of the Existing Areas & Services

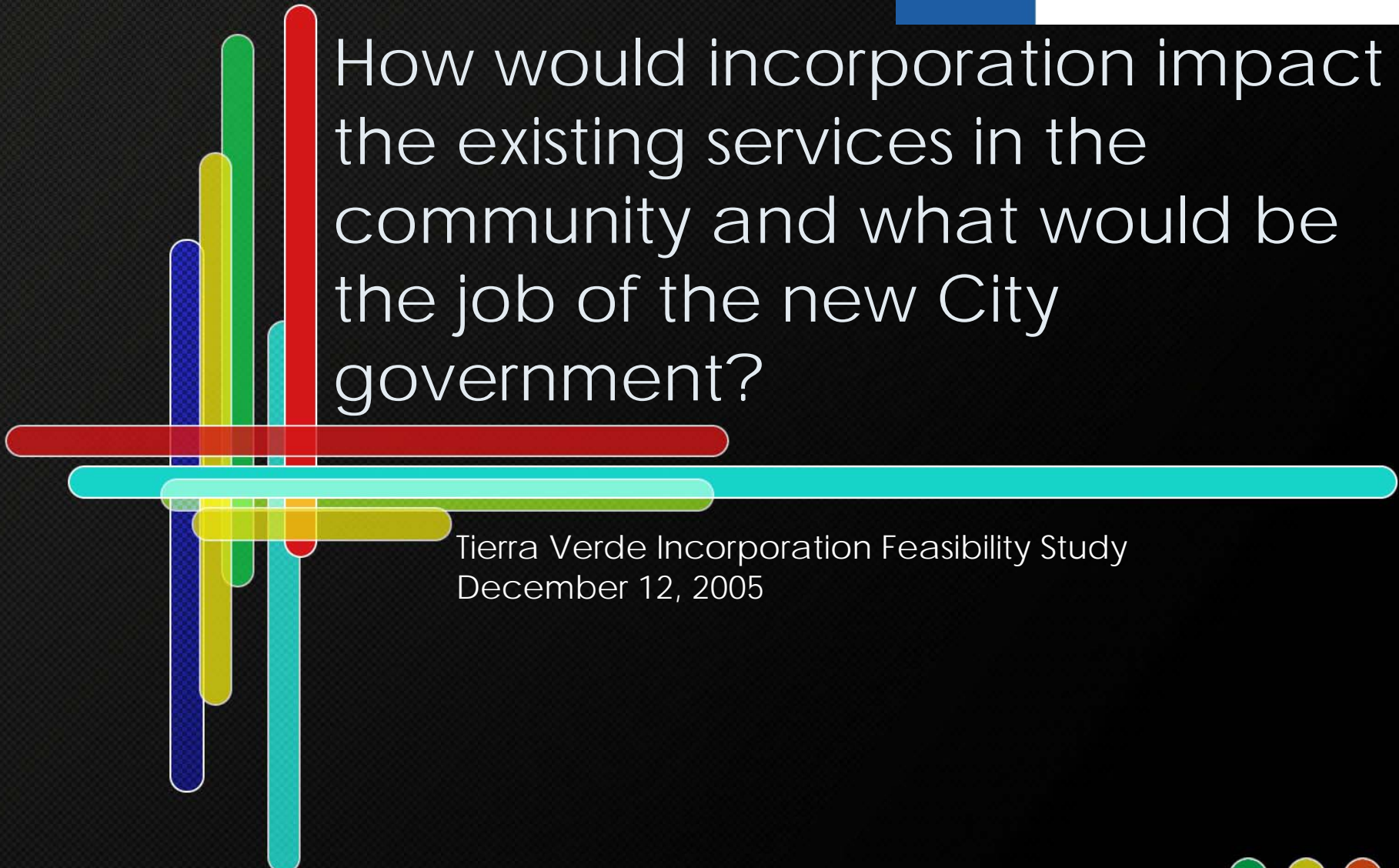
- The residents of Tierra Verde are currently receiving services from Pinellas County Government. These services include maintenance of right-of-ways, parks, all developmental services, code enforcement, environmental services, animal control, library, human services and other general governmental services. The County also provides fire protection through an interlocal agreement with the City of St. Petersburg and provides surface water management services. Law enforcement is the responsibility of the Pinellas County Sheriff's Department, and emergency medical services are being provided by the County's Emergency Medical Services (EMS). Progress Energy provides electric service to the community. Pinellas County Utilities are providing water and sewer service is provided by Utilities, Inc., Tierra Verde Utilities; however both are administered by Pinellas County. Verizon provides communication services, and Brighthouse provides Cable TV.



A Review of the Existing Areas & Services

- It is projected by this study that after incorporation, all governmental services would continue to be provided by the current agencies. The method of paying for Pinellas County MSTU services would be changed to utilize revenues collected by the new local government through a contractual relationship in lieu of unincorporated taxes being collected by the county.





How would incorporation impact the existing services in the community and what would be the job of the new City government?

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Impact of Incorporation

- The proposed structure of operations would have the City unifying the community's land use, zoning, building, and code regulations. This would occur under the authority of the local Charter, with the City having enforcement authority. The City would also be a new partner to all present services providers. This would eliminate the need to travel to Clearwater when there is an issue or concern that impacts only the local area. The City would not be the provider of services, rather it would establish levels of service, prioritize capital and maintenance projects, and be a resource for all community groups.



Public agencies that will be providing services to Tierra Verde have projected expenditures very much in line with communities of similar sizes. The following is a projection of the necessary expenditures for these agencies in FY 2006 as compared to St Petersburg, FL.

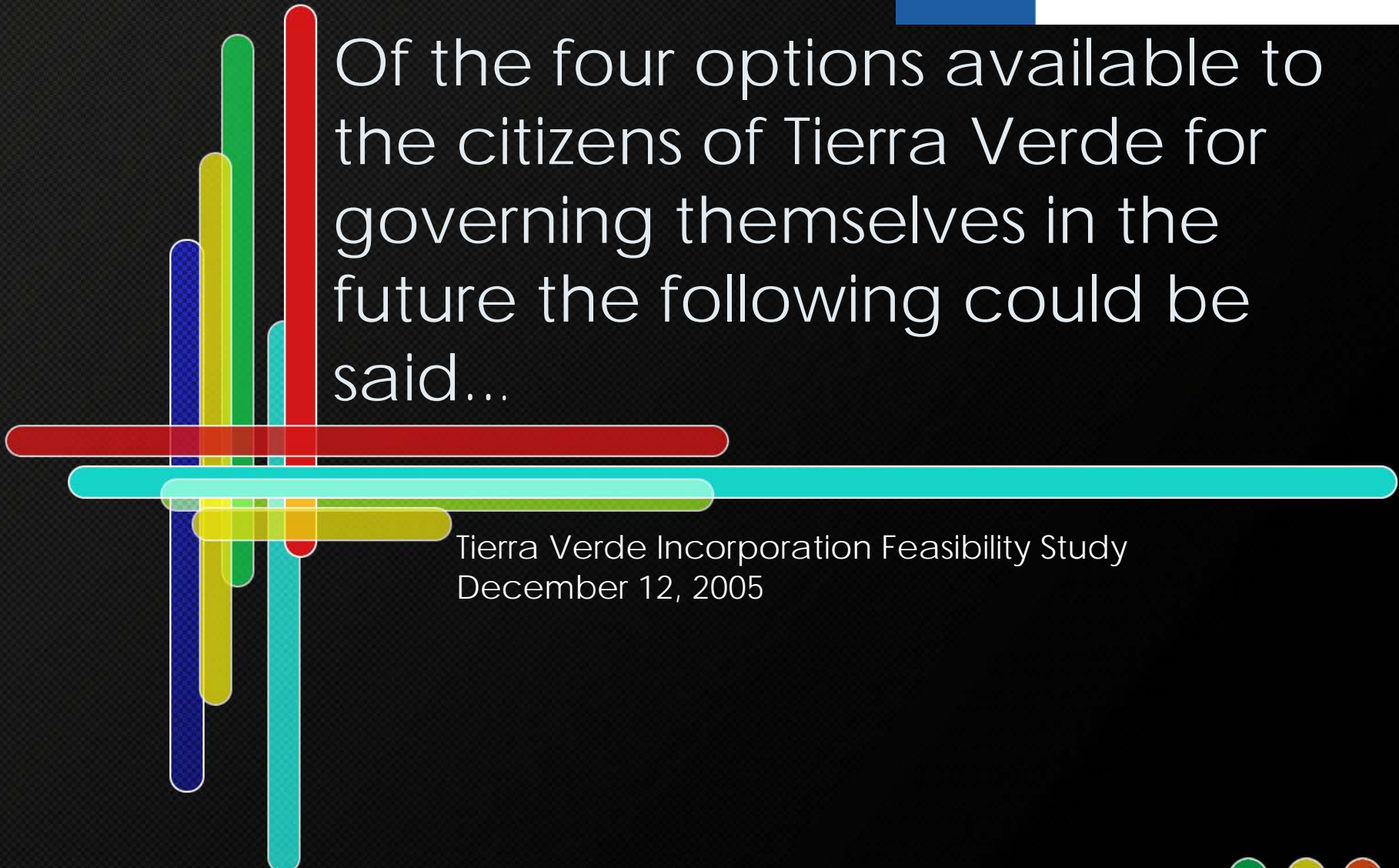
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FY 2006 Projections

	<u>Expenditures</u>
Tierra Verde City Government	\$817,400
Contract for General Government w/County	\$1,061,480
Contract for Public Safety	\$2,816,615
Total for Tierra Verde General Government	\$4,695,495
Cost per capita	\$1,313.79
St. Pete Beach General Government	
Cost per capita	\$1,396.30





Of the four options available to the citizens of Tierra Verde for governing themselves in the future the following could be said...

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Governing Options

- The status quo of remaining part of unincorporated Pinellas County is a very attractive option to the community. There is a consensus among citizens interviewed that the present level of service is sufficient and is provided in an efficient and effective manner. The only issue left outstanding is the local control of land use as it relates to the redevelopment opportunities available within the community.
- The development of a community plan for Tierra Verde while remaining part of unincorporated Pinellas County does give residents more input in the comprehensive planning process. This would allow for local input into the set of land use regulation that would control any redevelopment on the island.



Governing Options

- The annexation of the entire community into another incorporated area is not an attractive option as it would cause many additional regulations, a major increase in local taxes and other fees without an appreciable increase in services available to the community. Please see attachment #1 for a comparison of estimated taxes, fees and charges for Tierra Verde if it were annexed into the City of St. Petersburg.
- The incorporation of Tierra Verde will provide local control of land use and assure the citizens they will be in control of the level of local government services they receive. It will also set aside for once and for all the fear of annexation.



Fiscal Year 2006 Tax Revenues

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Tax Revenues

Tierra Verde Fire District received its estimate of taxable value for the 2006 tax year in July 2005. The taxable value is \$ 827,503,900. Based on this estimate, Tierra Verde tax revenues for fiscal year 2006 per one mill levied can be projected as follows:

Taxable value	\$827,503,900
x the percent	0.95
Revised Taxable Rate	\$786,128,705
x millage rate	.001
Estimated Property Tax	\$786,128.71
Revenues at 1 mill	

Ad Valorem Property Tax Findings

Historically, Tierra Verde property owners have taken advantage of the various discounts offered by the Pinellas County Tax Collector. The certificate of taxable value does not account for such discounts; therefore, a 95 percent projection represents a reasonable and prudent estimate technique used by numerous local Florida governments. **Property tax revenues account for 80% percent of the total Tierra Verde revenue base projected in this fiscal analysis.**



Municipal Employees

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Municipal Employees

This report includes \$642,400 in administrative and finance expenditures, an additional \$1,148,097 for growth management, code enforcement, professional planning services, and general government support from Pinellas County, \$175,000 in contract services. These expenditures are for a combination of municipal employees and contractual services as shown below.

<u>Position</u>	<u>Proposed Salary</u>
City Manager	\$85,000
Finance Director/Comptroller	\$75,000
City Clerk/Treasurer	\$65,000
Administrative Assistant	\$35,000
Total Salaries	\$260,000
Benefits @35%	\$91,000
Total Salary & Benefits	\$351,000



Contractual Services

<u>Contract Services</u>	<u>Proposed Cost</u>
Legal Services	\$75,000
Growth Management	\$50,000
Professional Services	\$50,000
Total	\$175,000



Administrative & Finance Expenditures

Personnel w/benefits	\$351,000
Operating/rent	\$86,400
Insurance	\$75,000
Audit	\$35,000
Capital (one time)	\$75,000
Contingency	\$20,000
Total	\$642,400

The above costs include all relevant expenditure categories and coupled with the 5 percent contingency factor, appear reasonable to assume the administrative and financial activities for Tierra Verde.



First Full Year (FY/2008) Projections for Revenues & Expenditures

The City will only come into existence in the fourth month of the fiscal year; therefore the new municipality would realize only 75% of the annual projected budget.

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Revenues

State Shared Revenue	\$269,655
Franchise Fees	\$178,130
Interest Earnings and Licenses	\$50,000
Ad Valorem Property Taxes	\$2,041,961
Total	\$2,539,746



Expenditures

Salary and benefits	\$351,000
Contract Services	\$175,000
Operations/rent	\$86,400
Insurance	\$75,000
Audit	\$35,000
Pinellas County Intergovernmental Contract	\$1,148,097
Capital Equipment (one time)	\$75,000
Contingency	\$20,000
Total	\$1,965,497



Based on assumptions prepared by BJM Consulting, Inc., and the acquisition of \$1,000,000 bridge loan, the financial forecast is delineated below:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
REVENUES					
State Shared Revenue	\$ 269,655.00	\$280,441.00	\$291,659.00	\$303,325.00	\$315,458.00
Franchise Fees	\$ 178,130.00	\$183,473.90	\$188,978.12	\$194,647.46	\$200,486.88
Bridge Loan	\$1,000,000.00				
Interest Earnings and Licenses	\$ 50,000.00	\$ 50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
Ad Valorem Property Taxes	\$2,041,961.00	\$2,144,060.00	\$2,251,262.00	\$2,363,826.00	\$2,482,017.00
Total Revenues	\$3,539,746.00	\$2,657,974.90	\$2,781,899.12	\$2,911,798.46	\$3,047,961.88

Note: The first year revenues and fifth year expenses include the borrowing and paying back a five-year bridge loan.



BJM Consulting, Inc.

Based on assumptions prepared by BJM Consulting, Inc., and the acquisition of \$1,000,000 bridge loan, the financial forecast is delineated below:

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EXPENSES					
Tierra Verde Local Government Expense	\$ 817,400.00	\$ 841,920.00	\$ 867,180.00	\$ 893,195.00	\$ 919,990.00
Bridge Loan					\$ 1,000,000.00
Contract for General Government with County	\$1,148,097.00	\$ 1,194,021.00	\$1,241,782.00	\$1,291,453.00	\$ 1,343,111.00
Total Expenses	\$1,965,497.00	\$ 2,035,941.00	\$2,108,962.00	\$2,184,648.00	\$ 3,263,101.00
Reserve/(Deficit)	\$1,574,249.00	\$ 622,033.90	\$ 672,937.12	\$ 727,150.46	\$ (215,139.12)
Cumulative		\$ 2,196,282.90	\$2,869,220.02	\$3,596,370.48	\$ 3,381,231.36

Note: The first year revenues and fifth year expenses include the borrowing and paying back a five-year bridge loan.



Estimated Tax & Fee Comparison

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Comparison of Estimated Taxes, Fees and Charges

	<u>Tierra Verde</u>		<u>City of St. Petersburg</u>		<u>Difference</u>
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	
<u>PROPERTY TAX:</u>					
MSTU/City	2.3560	840.05	6.9500	2,478.08	1,638.03
Library	0.5000	178.28		0.00	(178.28)
PSTA		0.00	0.6377	227.38	227.38
Fire	<u>1.4940</u>	<u>532.70</u>		<u>0.00</u>	<u>(532.70)</u>
Subtotal	4.3500	1,551.03	7.5877	2,705.46	1,154.43
Aggregate Countywide Taxes	<u>16.8465</u>	<u>6,006.76</u>	<u>16.8465</u>	<u>6,006.76</u>	<u>0.00</u>
Total Property Tax	21.1965	7,557.79	24.4342	8,712.22	1,154.43

Assumable **Taxable** Value: \$356,558.00



Comparison of Estimated Taxes, Fees and Charges

	<u>Tierra Verde</u>		<u>City of St. Petersburg</u>		<u>Difference</u>
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	
<u>OTHER TAXES & FEES</u>					
Electricity	0.00%		16.00%	\$384.00	384.00
Telephone/Cable	5.22%	\$46.98	6.22%	\$55.98	9.00
Gas	0.00%		16.00%	\$0.00	0.00
Water	0.00%		10.00%	\$60.00	60.00
Fuel Oil (per Gallon)	<u>\$0.00</u>	_____	<u>\$0.04</u>	<u>\$0.00</u>	<u>0.00</u>
Total Other Fees & Taxes		\$46.98		\$499.98	453.00

Assumable Taxable Value: \$356,558.00



Comparison of Estimated Taxes, Fees and Charges

	<u>Tierra Verde</u>		<u>City of St. Petersburg</u>		<u>Difference</u>
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	
Charges & Assessments:					
Water	\$0.00		\$0.00		
Sewer	\$0.00		\$0.00		
Refuse	varies		\$19.95		
Stormwater (monthly)	<u>\$0.00</u>	<u>0</u>	<u>\$6.00</u>	<u>\$72.00</u>	<u>72.00</u>
Total Charges & Assessments		0		\$72.00	72.00
Total All		<u>7,604.77</u>		<u>9,284.20</u>	<u>1,679.43</u>

Assumable Taxable Value: \$356,558.00



Thank You

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